



**May 2002**

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The data provided in this bulletin is given solely as an information resource and does not imply endorsement by the U.S. Dept. of Commerce.

# **OZ IT**

**Australian IT Bulletin**

U.S. Commercial Service, Australia

# **Welcome**

### **To the inaugural Australian IT Bulletin**

This monthly publication will provide useful business intelligence on the Australian IT market.

In this issue you will find information on:

- Upcoming trade shows,
- The Australian IT market at a glance,
- Our inaugural Company Profile report,
- What the Commercial Service has been doing in Australia
- and much more!

For further information on the articles in this publication or on any facet of the Australian IT market, please contact

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**[www.buyusa.gov/australia/](http://www.buyusa.gov/australia/)**

### **Market Brief**

#### **Top Laptop Vendors in Oz 2001**

1. Toshiba	42 %
2. IBM	18 %
3. Compaq	16 %
4. HP	8 %
5. Acer	10 %
6. Other	10 %

Source: Inform

#### **Top PC Vendors Q4 2001**

1. Compaq	12.2 %
2. Dell	11.6 %
3. HP	10.1 %
4. IBM	8.9 %
5. Toshiba	4.8%
6. Apple	4.2 %

Source: Gartner Group

100,000 customers has also declined from the third quarter of 2000.

#### **Top 12 Dial Up ISPs – Residential**

	<b>Subscribers</b>
1. Big Pond	1,200,000
2. OzEmail	450,000
3. Optus	300,000
4. Hotkey (Primus)	250,000
5. TPG Internet	200,000
6. AOL	180,000
7. One. Net (defunct)	170,000
8. Austar/eisa	80,000
9. Chariot Internet	60,000
10. Connect.com	53,000
11. Pacific Internet	50,000
12. IINet	50,000

Source: BuddeComm

### **OZZY ISP UPDATE**

Recent analysis has shown that the local Internet Service Provider (ISP) market has increasingly become the domain of the big telecommunications companies. Despite the hype of increased competition due to the deregulation of the telecommunications industry, companies such as Telstra have increased their dominance in the local ISP market.

Nearly two-thirds of Australia's Internet users go online through one of the telecommunications-related ISPs such as Telstra Big Pond, Connect (AAPT), OzEmail (MCI Worldcom), Optus Internet (Singtel) and iPrimus. Most of the smaller ISPs are fighting for the remainder of the market. These companies are further disadvantaged as they have to buy capacity from the dominant network provider, Telstra (the Telstra Wholesale division).

Figures show that while the number of subscribers in Australia is increasing, the number of ISPs is decreasing; while the number of ISPs with over

### **Market Brief**

#### **DID YOU KNOW?**

- % According to the Australian Information Industry Association, the Australian ICT market is growing at 12 percent per annum.
- % The ICT industry in Australia has a total income of AU\$70 billion per annum.
- % 200,000 people are employed in the local ICT industry.
- % An estimated 9.2 million adults access the Internet (66% of the adult population)
- % Australia ranks 10<sup>th</sup> in ICT spending, behind the United States, Japan, Germany, United Kingdom, France, Italy, Canada, China and Brazil. Not bad for a country of 20 million people!

## **UPCOMING TRADE SHOWS**

### **HIC 2002 - Health Informatics Conference**

**August 4-6 Melbourne**

**Organizers: HIC 2002**

**413 Lygon Street**

**Brunswick East, VIC 3057**

**Tel: 61 3 9388 0555**

**Fax: 61 3 9388 2086**

**www.hic.org.au, email: [hisa@hisa.org.au](mailto:hisa@hisa.org.au)**

HIC 2002 includes conference and expo and concentrates on the provision of IT services and goods to the healthcare industry.

### **CeBIT Australia**

**May 28-30 Sydney**

**Organizers: Hannover Fairs Australia**

**Suite 32, Level 3**

**8-24 Kippax Street**

**Surry Hills, NSW 2010**

**Australia**

**Tel: 61 2 9280 3400**

**Fax: 61 2 9280 1977**

**Email: [info@hannoverfairs.com.au](mailto:info@hannoverfairs.com.au)**

CeBIT Australia is the Australian production of the successful CeBIT show in Hannover.

### **IT/Comdex**

**September 4-6 Melbourne**

**Organizers: Key3 Media Australia**

**5-9 Smail St.,**

**Broadway NSW 2007**

**Sydney, Australia**

**Phone: 61 2 9280 4415**

**Fax: 61 2 9280 4545**

**<http://www.key3media.com.au>**

IT Comdex, Melbourne is a joint show with Interact Asia Pacific Multimedia Festival. It continues the successful global Comdex brand theme.

## **AND NOW A WORD OR TWO FROM NEW ZEALAND**

### **IT UPDATE IN NEW ZEALAND**

Janet Coulthart

[Wellington.Office.Box@mail.doc.gov](mailto:Wellington.Office.Box@mail.doc.gov)

New Zealand's IT sector is expecting a tough year as businesses act cautiously towards new IT investment. IDC New Zealand is forecasting growth for this sector of only 0.7% for calendar year 2002 after 7.8% growth in 2001. The sector is expected to grow by NZ\$36 million (US\$15 million) to NZ\$5.1 billion in 2002 from NZ\$5 billion in 2001. Hardware sales are expected to be the most affected -- IDC expects in this sector sales to drop by NZ\$134 million. Data communications, however, are expected to grow to NZ\$240 million from NZ\$225 million, software sales to rise to NZ\$805 million from NZ\$770 million, and services to increase to NZ\$2.1 billion from NZ\$2 billion in 2001. IDC is forecasting IT sector growth to be better in 2003. (Exchange rate 1 NZ\$ = approximately 42.5 U.S. cents.)

### **KAZ LIKES WHAT IT SEES WITH ASPECT COMPUTING**

Local integration/service company KAZ Computer Services recently bought out another local service company Aspect Computing for AU\$215 million. The deal brings complimentary skills to KAZ, which historically has been known as a specialist AS/400 shop. Aspect brings to the table specialist software services skills and large contracts which compliment KAZ's own client base.

KAZ, which listed on the Australian Stock Exchange last year, has been growing rapidly over the last few years. Apart from its own increase in contracts, KAZ has increased its customer base also by strategic acquisition. Last year, KAZ bought document management solutions provider Ausdata which was at the time, tendering for some large contracts which have come to fruition.

Before the Aspect/KAZ merger, KAZ had 1,500 employees and Aspect 1,000. KAZ, while having

a strong pedigree in AS/400 solutions, is a vendor-neutral solutions provider. The company has skills at implementing a number of different technologies, and tailors solutions to fit each client. The company expects to be able to be more competitive against large multinational outsourcing companies like CSC, EDS and IBM GSA

More information on KAZ can be found at:

<http://www.kaz.com.au>

## **2001 - THE YEAR THAT WAS - THE AUSTRALIAN IT SECTOR**

Growth in the Australian Information Technology (IT) market decreased considerably in 2001. The local IT industry had been growing at approximately 18 percent over the last five years but last year, growth slackened to 10 percent.

The slowdown in growth can be attributed to a number of factors:

- The fallout from local dot.com failures. Many fledging companies that went public in the 1990's have since folded, leaving investors and institutions holding stock with no value.
- Level of sales by E-tailers. Many e-tailers have found it difficult to generate enough sales to stay afloat. Companies such as D-Store have closed down.
- The shakeout in the telecommunications sector. One prime example is the recent filing for bankruptcy by the telecom company, One Tel. accumulating debts in excess of US\$500 million.

Unemployment in the local IT industry is higher than it has been for a number of years. IT companies are laying off employees in marketing, sales and middle-management roles. The local recruitment group, Ambition Pty Ltd, recently conducted a survey which showed there were 9,500 IT vacancies advertised on Internet job sites last month, down from 23,000 for the same period in June. The study also found that 56 percent of employers did not intend to give IT staff a pay raise.

Pockets of the industry are performing well. As a result of recent virus and security concerns surrounding the Internet, companies providing

Internet security solutions are the flavor of the month. The data center market is competitive and an area of good growth. The telecommunications companies, while slow to enter this segment, are now ramping up services and forging alliances. Telstra will be a dominant player in this market in the future.

In terms of end-users in the private sector, the prevailing sentiment is that blue-chip companies still have money to spend on IT. They are, however, not feeling the same rush to buy as they may have two years ago. They are also particularly careful to select the most suitable vendors with whom they choose to enter into agreements, given the spate of IT vendors that have closed their local subsidiaries. Back-up support is a critical element of any service level agreement.

The federal government remains a robust buyer of IT equipment, purchasing approximately 30 percent of the total Australian IT spend in any given year. Bidding on government contracts is a time-consuming and expensive exercise, and needs the expertise of experienced local staff or an experienced local partner.

## **LEADING HARDWARE DISTRIBUTORS IN OZ**

- Tech Pacific Australia
- Express Data
- Ingram Micro Australia
- Dicker Data
- ACA Pacific
- LAN Systems
- Servex
- ASI Solutions
- DaisyTek
- Open Systems
- Lan 1
- Achieva

### **Barriers To Greater Involvement From Local Businesses in the Information Economy**

Slow/unreliable online access	56%
Cost of investing in online strategy	45 %
Privacy Concerns	43 %
Concern About Fraud	42 %
Shortage of Labor With Necessary Skills	32 %
Inappropriate for Particular Business	31 %

Source: Allen Consulting Group, NOIE  
"Australia's Information Economy, The  
Big Picture"

FYI:

### **Distributor Profiles Multimedia Applications**

Comm-unique Software Pty Ltd

20 Kings Road  
Harvey Road

Kings Park NSW 2148

Tel: 61 2 9622 5624

Fax: 61 2 9671 5624

[www.communique.com.au](http://www.communique.com.au)

Stephen Bryne: Managing Director

Comm-unique is one of the leading distributors in the Australian market of multimedia software products. It is the sole supplier of JASC products including Paint Shop Pro. The company also

distributes CD burning software from Nero, presentation software from Illuminatas. The company is always interested in hearing from US vendors of complimentary software products. It is not equipped to represent multimedia hardware products. Comm-unique has excellent contacts into all the leading retail distribution outlets across Australia. The company employs six people in its Sydney office and has another office in Singapore.

Contact Stephen Bryne on [stephen@comm-unique.com.au](mailto:stephen@comm-unique.com.au)

Multimedia Technology Pty Ltd

335 Johnson Road

Collingwood VIC 3066

Tel: 61 3 9419 6600

Fax: 61 3 9417 5799

[www.mmt.com.au](http://www.mmt.com.au)

David Wilson: Marketing Manager

Multimedia Technology (MMT) is a leading Australian distributor of hardware products for the multimedia market.

Products that it distributes include: digital cameras, video cards, CD RW, DVD players, storage devices, printers, projectors and scanners.

The company would be an excellent distributor for any US vendors of complimentary products.

Contact: David Wilson on [djw@mmt.com.au](mailto:djw@mmt.com.au)

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<http://www.buyusa.gov/australia>







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- **data security**
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